

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1512
97TH GENERAL ASSEMBLY

5184H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 99.805 and 99.825, RSMo, and to enact in lieu thereof two new sections relating to tax increment financing reform.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 99.805 and 99.825, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 99.805 and 99.825, to read as follows:

99.805. As used in sections 99.800 to 99.865, unless the context clearly requires
2 otherwise, the following terms shall mean:

3 (1) "Blighted area", an area which, by reason of the predominance of defective or
4 inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements,
5 improper subdivision or obsolete platting, or the existence of conditions which endanger life or
6 property by fire and other causes, or any combination of such factors, retards the provision of
7 housing accommodations or constitutes an economic or social liability or a menace to the public
8 health, safety, morals, or welfare in its present condition and use;

9 (2) "Collecting officer", the officer of the municipality responsible for receiving and
10 processing payments in lieu of taxes or economic activity taxes from taxpayers or the department
11 of revenue;

12 (3) "Conservation area", any improved area within the boundaries of a redevelopment
13 area located within the territorial limits of a municipality in which fifty percent or more of the
14 structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted
15 area but is detrimental to the public health, safety, morals, or welfare and may become a blighted
16 area because of any one or more of the following factors: dilapidation; obsolescence;
17 deterioration; illegal use of individual structures; presence of structures below minimum code
18 standards; abandonment; excessive vacancies; overcrowding of structures and community

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19 facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land
20 coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of
21 community planning. A conservation area shall meet at least three of the factors provided in this
22 subdivision for projects approved on or after December 23, 1997;

23 (4) "Economic activity taxes", the total additional revenue from taxes which are imposed
24 by a municipality and other taxing districts, and which are generated by economic activities
25 within a redevelopment area over the amount of such taxes generated by economic activities
26 within such redevelopment area in the calendar year prior to the adoption of the ordinance
27 designating such a redevelopment area, while tax increment financing remains in effect, but
28 excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by
29 transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment
30 projects or redevelopment plans approved after December 23, 1997, if a retail establishment
31 relocates within one year from one facility to another facility within the same county and the
32 governing body of the municipality finds that the relocation is a direct beneficiary of tax
33 increment financing, then for purposes of this definition, the economic activity taxes generated
34 by the retail establishment shall equal the total additional revenues from economic activity taxes
35 which are imposed by a municipality or other taxing district over the amount of economic
36 activity taxes generated by the retail establishment in the calendar year prior to its relocation to
37 the redevelopment area;

38 (5) "Economic development area", any area or portion of an area located within the
39 territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and
40 (3) of this section, and in which the governing body of the municipality finds that redevelopment
41 will not be solely used for development of commercial businesses which unfairly compete in the
42 local economy and is in the public interest because it will:

43 (a) Discourage commerce, industry or manufacturing from moving their operations to
44 another state; or

45 (b) Result in increased employment in the municipality; or

46 (c) Result in preservation or enhancement of the tax base of the municipality;

47 (6) "Gambling establishment", an excursion gambling boat as defined in section 313.800
48 and any related business facility including any real property improvements which are directly and
49 solely related to such business facility, whose sole purpose is to provide goods or services to an
50 excursion gambling boat and whose majority ownership interest is held by a person licensed to
51 conduct gambling games on an excursion gambling boat or licensed to operate an excursion
52 gambling boat as provided in sections 313.800 to 313.850. This subdivision shall be applicable
53 only to a redevelopment area designated by ordinance adopted after December 23, 1997;

54 (7) "Greenfield area", any vacant, unimproved, or agricultural property that is located
55 wholly outside the incorporated limits of a city, town, or village, or that is substantially
56 surrounded by contiguous properties with agricultural zoning classifications or uses unless said
57 property was annexed into the incorporated limits of a city, town, or village ten years prior to the
58 adoption of the ordinance approving the redevelopment plan for such greenfield area;

59 (8) "Municipality", a city, village, or incorporated town or any county of this state. For
60 redevelopment areas or projects approved on or after December 23, 1997, "municipality" applies
61 only to cities, villages, incorporated towns or counties established for at least one year prior to
62 such date;

63 (9) "Obligations", bonds, loans, debentures, notes, special certificates, or other evidences
64 of indebtedness issued by a municipality to carry out a redevelopment project or to refund
65 outstanding obligations;

66 (10) "Ordinance", an ordinance enacted by the governing body of a city, town, or village
67 or a county or an order of the governing body of a county whose governing body is not
68 authorized to enact ordinances;

69 (11) "Payment in lieu of taxes", those estimated revenues from real property in the area
70 selected for a redevelopment project, which revenues according to the redevelopment project or
71 plan are to be used for a private use, which taxing districts would have received had a
72 municipality not adopted tax increment allocation financing, and which would result from levies
73 made after the time of the adoption of tax increment allocation financing during the time the
74 current equalized value of real property in the area selected for the redevelopment project
75 exceeds the total initial equalized value of real property in such area until the designation is
76 terminated pursuant to subsection 2 of section 99.850;

77 (12) "Redevelopment area", an area designated by a municipality, in respect to which the
78 municipality has made a finding that there exist conditions which cause the area to be classified
79 as a blighted area, a conservation area, an economic development area, an enterprise zone
80 pursuant to sections 135.200 to 135.256, or a combination thereof, which area includes only
81 those parcels of real property directly and substantially benefitted by the proposed redevelopment
82 project;

83 (13) "Redevelopment plan", the comprehensive program of a municipality for
84 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those
85 conditions, the existence of which qualified the redevelopment area as a blighted area,
86 conservation area, economic development area, or combination thereof, and to thereby enhance
87 the tax bases of the taxing districts which extend into the redevelopment area. Each
88 redevelopment plan shall conform to the requirements of section 99.810;

89 (14) "Redevelopment project", any development project within a redevelopment area in
90 furtherance of the objectives of the redevelopment plan; any such redevelopment project shall
91 include a legal description of the area selected for the redevelopment project;

92 (15) "Redevelopment project costs" include the sum total of all reasonable or necessary
93 costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan
94 or redevelopment project, as applicable. Such costs include, but are not limited to, the following:

95 (a) Costs of studies, surveys, plans, and specifications;

96 (b) Professional service costs, including, but not limited to, architectural, engineering,
97 legal, marketing, financial, planning or special services. Except the reasonable costs incurred
98 by the commission established in section 99.820 for the administration of sections 99.800 to
99 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be
100 included in the costs of a redevelopment plan or project;

101 (c) Property assembly costs, including, but not limited to[,]

102 (i) Acquisition of land and other property, real or personal, or rights or interests therein[,]
103 ; and

104 (ii) Demolition of buildings, and the clearing and grading of land;

105 (d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings
106 and fixtures;

107 (e) Initial costs for an economic development area;

108 (f) Costs of construction of public works or improvements;

109 (g) Financing costs, including, but not limited to, all necessary and incidental expenses
110 related to the issuance of obligations, and which may include payment of interest on any
111 obligations issued pursuant to sections 99.800 to 99.865 accruing during the estimated period
112 of construction of any redevelopment project for which such obligations are issued and for not
113 more than eighteen months thereafter, and including reasonable reserves related thereto;

114 (h) All or a portion of a taxing district's capital costs resulting from the redevelopment
115 project necessarily incurred or to be incurred in furtherance of the objectives of the
116 redevelopment plan and project, to the extent the municipality by written agreement accepts and
117 approves such costs;

118 (i) Relocation costs to the extent that a municipality determines that relocation costs shall
119 be paid or are required to be paid by federal or state law;

120 (j) Payments in lieu of taxes;

121 (16) "Special allocation fund", the fund of a municipality or its commission which
122 contains at least two separate segregated accounts for each redevelopment plan, maintained by
123 the treasurer of the municipality or the treasurer of the commission into which payments in lieu

124 of taxes are deposited in one account, and economic activity taxes and other revenues are
125 deposited in the other account;

126 (17) "Taxing districts", any political subdivision of this state having the power to levy
127 taxes;

128 (18) "Taxing districts' capital costs", those costs of taxing districts for capital
129 improvements that are found by the municipal governing bodies to be necessary and to directly
130 result from the redevelopment project; and

131 (19) "Vacant land", any parcel or combination of parcels of real property not used for
132 industrial, commercial, or residential buildings.

99.825. 1. Prior to the adoption of an ordinance proposing the designation of a
2 redevelopment area, or approving a redevelopment plan or redevelopment project, the
3 commission shall fix a time and place for a public hearing as required in subsection 4 of section
4 99.820 and notify each taxing district located wholly or partially within the boundaries of the
5 proposed redevelopment area, plan or project. At the public hearing any interested person or
6 affected taxing district may file with the commission written objections to, or comments on, and
7 may be heard orally in respect to, any issues embodied in the notice. The commission shall hear
8 and consider all protests, objections, comments and other evidence presented at the hearing. The
9 hearing may be continued to another date without further notice other than a motion to be entered
10 upon the minutes fixing the time and place of the subsequent hearing; provided, if the
11 commission is created under subsection 3 of section 99.820, the hearing shall not be continued
12 for more than thirty days beyond the date on which it is originally opened unless such longer
13 period is requested by the chief elected official of the municipality creating the commission and
14 approved by a majority of the commission. Prior to the conclusion of the hearing, changes may
15 be made in the redevelopment plan, redevelopment project, or redevelopment area, provided that
16 each affected taxing district is given written notice of such changes at least seven days prior to
17 the conclusion of the hearing. After the public hearing but prior to the adoption of an ordinance
18 approving a redevelopment plan or redevelopment project, or designating a redevelopment area,
19 changes may be made to the redevelopment plan, redevelopment projects or redevelopment areas
20 without a further hearing, if such changes do not enlarge the exterior boundaries of the
21 redevelopment area or areas, and do not substantially affect the general land uses established in
22 the redevelopment plan or substantially change the nature of the redevelopment projects,
23 provided that notice of such changes shall be given by mail to each affected taxing district and
24 by publication in a newspaper of general circulation in the area of the proposed redevelopment
25 not less than ten days prior to the adoption of the changes by ordinance. After the adoption of
26 an ordinance approving a redevelopment plan or redevelopment project, or designating a
27 redevelopment area, no ordinance shall be adopted altering the exterior boundaries, affecting the

28 general land uses established pursuant to the redevelopment plan or changing the nature of the
29 redevelopment project without complying with the procedures provided in this section pertaining
30 to the initial approval of a redevelopment plan or redevelopment project and designation of a
31 redevelopment area. Hearings with regard to a redevelopment project, redevelopment area, or
32 redevelopment plan may be held simultaneously.

33 2. Effective January 1, 2008, if, after concluding the hearing required under this section,
34 the commission makes a recommendation under section 99.820 in opposition to a proposed
35 redevelopment plan, redevelopment project, or designation of a redevelopment area, or any
36 amendments thereto, a municipality desiring to approve such project, plan, designation, or
37 amendments shall do so only upon a two-thirds majority vote of the governing body of such
38 municipality. **Notwithstanding the foregoing, any municipality that is located in a county**
39 **with a charter form of government and with more than nine hundred fifty thousand**
40 **inhabitants, a county with a charter form of government and with more than three**
41 **hundred thousand but fewer than four hundred fifty thousand inhabitants, or a county**
42 **with a charter form of government and with more than two hundred thousand but fewer**
43 **than three hundred fifty thousand inhabitants desiring to approve a proposed**
44 **redemption plan, redevelopment project, designation of a redevelopment area, or any**
45 **amendments thereto which did not receive a recommendation from the majority of the**
46 **members of the commission under section 99.820 shall do so only upon a two-thirds**
47 **majority vote of the governing body of such municipality and further, provided that the**
48 **economic activity taxes and payments in lieu of taxes generated by such plan, project, or**
49 **designation shall not exceed the costs associated with those contained in item (ii) of**
50 **paragraph (c) of subdivision (15) of section 99.805 per redevelopment project, as defined**
51 **in section 99.805.**

52 3. Tax incremental financing projects within an economic development area shall apply
53 to and fund only the following infrastructure projects: highways, roads, streets, bridges, sewers,
54 traffic control systems and devices, water distribution and supply systems, curbing, sidewalks
55 and any other similar public improvements, but in no case shall it include buildings.

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